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REASONS *for making void and annulling those Fraudulent and Usurious Contracts, into which Multitudes of unhappy Persons have been drawn to the utter Ruin of themselves and Families, by the late DIRECTORS of the South-Sea Company, their Agents and Confederates.*

South-Sea Company Merchants & Others

Humbly submitted to the Consideration of both Houses of Parliament.



THE *South-Sea* Scheme hath already brought so many Calamities upon this unhappy Nation, and so entirely destroyed all *Trade and Commerce*, that unless immediate Care be taken to prevent any further Mischiefs, which may result from the said Scheme, we must expect for many Years to come, to remain in a Condition of Anarchy and Confusion.

Publick Credit can never flourish till *Private Credit* is in some manner restored; which can never be done, while such Multitudes of People are in a State of *Despair*, involved in Contracts they can never hope to make good, and while no Man knows the Circumstances of his Neighbour.

The late *South-Sea* Directors, either by *themselves*, their *Agents* or *Confederates*, when they had drained their unhappy Fellow-Subjects of all their ready Money, drew them into several Contracts, whereby they obliged themselves to take *South-Sea* Stock, or Subscriptions, at a certain distant Time, at most *exorbitant* and usurious Prices.

Altho' it is presumed, that the said Contracts are null in themselves, and void by all the Rules of *Justice* and *Equity*, yet it is humbly conceived they ought to be declared so by the Legislature for the following Reasons.

Those Persons who bought Stock for Time at high Prices, were induced so to do, because they saw there were *Two large Subscriptions* taken in at 1000 *l. per Cent.* and that there was a Dividend declared of 50 *l. per Cent. at least*, for Twelve Years together.

But the *Proprietors* of the Stock, that is, those *very Persons*, who sold for Time, have since reduced those Subscriptions in such a manner, that the Stock is thereby become above 40 Millions worse than it was, and it is likewise become absolutely impossible to make the above-mention'd Dividend.

It is therefore no more reasonable for those People, who have by their *own Act and Deed* so very much lessened the Value of their Stock, *since* they sold it, to expect the Contractors should receive it from them in its *present Condition*, than it would be for a Man, who should sell a House to be delivered on a certain Day, and pull down the *best Part* of it before the said Day, to expect, nevertheless, that the Purchaser should stand to his Bargain.

Those who were persuaded to contract to take Stock at some distant Time, agreed to pay at the Rate of 200 *l.* 300 *l.* or 400 *l. per Cent.* for deferring the Day of Payment, which if not *Usury*, was giving a vast Sum of Money for an *imaginary Chance*; and certainly such Bargains ought to be set aside, either as falling within the

the Statute 9 *Ann.* c. 14. which avoids all Securities for Moneys won at *Play*, or by *Betting*; or within the Statute of 37 *H.* 8. c. 9. the 13 *Eliz.* c. 8. as being *usurious*. And several Statutes since made, enact, That no Person shall take directly or indirectly for the Loan of Money, or for the *Forbearance* of Payment for any Commodity above the Value of *legal Interest*; and all *Bonds, Contracts, or Securities*, whereupon more shall be reserved, are declared to be void; so that this Method of selling Stock was unquestionably a Way or Device of indirectly taking *Usury*; notwithstanding which, unless so great a Number of private Persons, as were deceitfully engaged in such Contracts for Stock and Subscriptions, are exempted from Prosecutions at Law, they will be obliged to follow the Example of many others, to retire into foreign Parts, and carry out of the Kingdom what Substance they may have still left.

Upon those Exorbitant Bargains still depending, no Stock has been transferred, or Receipts delivered; and it is well known, that while the thing sold remains in the Possession of the Seller, if it becomes worse, either by his Act and Deed, or by his Neglect, the Buyer is not to sustain the Loss. For Instance: Suppose A contracts to convey unto B 1000 Acres of Marsh Lands; and through some unknown Defect in the Sluices, 600 Acres of the said Marsh Lands are overflow'd past Recovery, before the Time appointed for conveying them unto B; the Damage in this Case shall devolve upon A, and not upon B. He who has sold Stock for Time, is in the same Circumstances with A: He contracted, suppose in *June* last, that in Consideration of 10,000*l.* he would deliver 1000*l.* Capital *South-Sea* Stock in *December* following, together with all *Dividends* and *Advantages* then voted, or that should at any Time before the Delivery of the said Stock, be voted and appointed by the Company. Now can any Seller of Stock aver, that he has tendered in *December* last, 1000*l.* *South-Sea* Stock, together with all *Dividends* that had been voted, and attended with the several *Subscriptions* taken in; *i. e.* the *Advantages* belonging to the said Stock?

If it be alledged that the Buyer had a *Chance* for the *Rise* of the Stock, and therefore ought to stand the *Fall*; the Answer to this is plain, namely, That from the very Moment the *Foundation* on which the Stock stood (that is, the *Subscriptions*) was in a great Measure taken away by those *very Persons*, who had sold the Stock, the *Buyers* had no longer what was called in *Exchange-Alley* the *Chance of the Market*: On the contrary, it was *impossible*, from that Time, that the Stock should *rise*, but demonstrable that it must considerably *fall*, which indeed it is now plain it must have done in all Events, since the whole Scheme is discovered to have had no *real* Foundation, but to have been one *notorious Fraud* from the Beginning to the End.

If among the Number of Sellers there are any, who were not in Confederacy with the Contrivers of the Nation's Ruin, but who sold Stock, having bought it themselves at high Prices, such Persons can only complain, that they are deprived of *immoderate* and *usurious Gains*. For admitting they may have been *cheated themselves*, yet their being allowed the Liberty to *cheat others*, is utterly inconsistent with all the Rules of *Justice*, which can never continue any Iniquity after it is discovered, and ought certainly to destroy all Contracts founded upon *Fraud*, as soon as that *Fraud* is detected.

Should these Contracts be supported, most of the Specie yet remaining to carry on Trade, would be ingrossed by a small Number of Men, who least of all deserve it; whilst Multitudes of Families will be entirely ruined, and from being necessary Members of the Commonwealth, not only become useless, but even burthensome to the rest of their Fellow-Subjects.

It is computed that Ninety Millions will not make good the Usurious and Exorbitant Contracts now depending for Stock and Subscriptions, which is Six Times more than there is Specie in the Kingdom to answer, and above Twice the Value of the whole Capital of the *South-Sea* Company.

It is an undoubted Maxim in all well-ordered Governments, that the Wealth of a Nation should be distributed in a due Proportion among all Orders of People; but in the present Case, all Distinctions would end, and a few obscure Persons be countenanced

tenanced in acquiring by *Collusion* and *Fraud*, Fortunes too large for any Subjects, while the *Gentry* and *Merchants*, the Glory of our Country, by such a dismal Reverse in Affairs, being involved in Contracts for much more than they are worth, or can ever hope to pay, would be in a much more wretched Condition than the meanest *Tradesman*. The Latter may have a Statute of Bankruptcy taken out against him, and upon delivering up of his Effects, have a Discharge from his Creditors, be at Liberty to begin the World again, and by the Contribution allowed by the Statute, enabled to follow his Trade, and possibly acquire a new Fortune: Whereas the former is ruined past all Redemption, and irrecoverably sunk into Want and Misery.

Although Law and Equity should relieve these deluded Buyers of Stock, yet their Number is so great, that the whole Kingdom must remain in Confusion for a long Period of Time, whilst these Suits are depending. Credit and Trade can never revive, since no Man will trust another, who, for ought he knows, may be engaged in a Time Bargain, for Ten Times more than he is worth: Add to this the Difficulties these miserable Men must labour under, to find *Bail* for such vast Sums, with all the other Inconveniencies that naturally attend a Law-Suit, and perhaps it will be found, that they and their innocent Families will be much more rigorously punished, than even the most guilty Contrivers of all our present Misfortunes.

If ever People deserved to be relieved by Parliament, the unhappy Sufferers on this Occasion most certainly do, who would never have trusted to the Honour of the *South-Sea* Directors, had they not looked upon them as Persons having the executive Power of an Act of Parliament, and acting by the Concurrence and Direction of the Government; so that in this unprecedented and extraordinary Case, it would be no wonder if they should humbly hope some extraordinary Steps should be taken for their Relief: But it is very far from being a new Thing for a British Parliament to determine in Cases of Property on many Occasions.

In the Case of the Orphans, all Bonds, Covenants, Obligations, Agreements, and Contracts whatsoever, made between any Orphan and any other Person or Persons, were by Act of Parliament declared to be utterly null and void.

The like was also done in the Case of the *Army Debentures*.

After the late Rebellion, there was an Act of Parliament passed, to prevent the bringing any Actions for any Trespasses committed.

In the same Session, Two several Acts were also passed, setting aside and annulling all Settlements or Alienations of Estates, tho' made in the strongest manner, (for about Six Months before the said Rebellion broke out) in Case the said Settlements or Alienations were made by any Person who should be convicted or attainted of High Treason.

In the Case of the *Mine-Adventurers*, where there were but few Sufferers, there was an Act of Parliament to annul all Bargains, Contracts, &c. made after such a Time.

But the strongest Precedent of all, and which seems entirely to come up to the present Case, is an Act of Parliament passed in the Eighth and Ninth Year of the late King William, entitled, *An Act to restrain the Number and ill Practices of Brokers and Stockjobbers*; which was an Act so plainly founded upon Reason and Justice, that it is very surprizing it should have been suffered to expire.

This Act taking notice in the Preamble, that divers Brokers and Stockjobbers had set up, and carried on, most unjust Practices and Designs, and had unlawfully combined and confederated themselves together, to raise or fall, for their own private Interest and Advantage, the Value of Tallies, Bank-Stock, &c. to the Ruin of all Publick Credit, Trade and Commerce, and even to the endangering of the Government it self; Enacts,

That for the remedying and preventing of the several Mischiefs and Inconveniencies above-mentioned, every Policy, Bargain, Contract or Agreement, already made and entred into, or to be made or entred into, by any Person or Persons whatsoever, and which by the Tenor thereof were to be performed after the first of May, 1697. upon which any Premium already was, or at any time hereafter should be given or paid, for Liberty to put upon, or to deliver, receive, accept or refuse, any Share or Interest,

in any Joint-Stock whatsoever, (*other than and except such Policies, Contracts, Bargains, or Agreements, as were to be performed within the Space of Three Days, (to be accounted from the Time of making the same) should be utterly null and void, to all Intents and Purposes, as if the same had never been made; and that every such Præmium and Præmiums should be paid back, and restored, to such Person or Persons who did give or pay the same, his or their Executors, Administrators or Assigns.*

It is perhaps impossible to conceive any Thing more full, or more to the present Case, than the Precedent last mentioned, which is in a great Measure now followed, in a wise, neighbouring Country, where there is the utmost Care taken of Trade and Commerce, where Property is inviolably preserved, and where all Time-Bargains for Stock and Subscriptions have been lately annull'd by Publick Authority.

The Relief desired doth in no way interfere with the Vote already passed by the Honourable House of Commons, which *only* relates to *Agreements* made with the South Sea Company as a *Body Corporate*.

All *disinterested* and *indifferent* Persons must certainly be for giving Relief in so deplorable a Case; since it is impossible *Credit* should ever revive, or *Stock* rise, while they are both kept down by the *insupportable* Load of these *Bargains*.

Upon Consideration of the Premises, it is humbly hoped, that those Patriots, who are distinguishing themselves, by endeavouring to retrieve their Country out of the wretched State it is at present involved in, will commiserate so great a Number of unhappy Persons, as are engaged in the above-mentioned *ruinous Contracts*, and will please to cause a Clause or Clauses to be inserted in some proper Bill, for their *Preservation and Relief*.

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